



UNITED STATES DEPARTMENT OF EDUCATION

Federal Student Aid

TO: Secretary Rod Paige
U.S. Secretary of Education

FROM: Terri Shaw
Chief Operating Officer

RE: FSA Weekly Report

DATE: May 12, 2003

THE WEEK AHEAD

Regional Office Visits: Terri Shaw is scheduled to visit FSA's Chicago regional office on May 15. Since March, Terri has visited the Kansas City, Atlanta, Boston, New York, Philadelphia, and San Francisco regional offices to meet with FSA staff.

4 Millionth FAFSA Application: This week, FAFSA on the Web will receive the 4 millionth application for the 2003-2004 cycle, more than 2 months earlier than last year.

Eastern Association of Student Financial Aid Administrators: On May 17, FSA's Program Development group is scheduled to present at the annual meeting of the Eastern Association of Student Financial Aid Administrators.

Loan Consolidation Benefits: FSA, working with OPA, anticipates issuing a press release this week regarding the pending interest rate change and its impact on the Department's Direct Consolidation Loan Program and the benefits to borrowers.

OPERATIONAL METRICS

Application Activities For Week Ending May 4, 2003: The Central Processing System (CPS) has processed 6,065,239 applications for the 2003-2004 cycle, a 6.6% increase over the 2002-2003 cycle.

1-800-4-FED-AID: Year-to-date, FSA call centers have received 3,240,214 calls, a 2.3% increase over last year. Service levels have increased with 98.5% of calls completed, a 6.8% increase over FY2002-2003 and the average speed to answer reduced by 76.0% to 12 seconds.

Total FSA Default Recoveries: As of the end of April, total FSA default recoveries for the fiscal year reached \$980.1 million, up 21% year to date. Total non-consolidation recoveries reached \$793.3 million, up 38% year to date. Combined recoveries from our private collection agency efforts reached \$596.8 million, up 25% year to date.

FSA IN THE FIELD

EFC Technology Conference: On May 5, Terri Shaw was the keynote speaker at the Education Finance Council's Technology Conference in Alexandria, Virginia. Charlie Coleman also spoke on the status of the eGov and eSign initiatives.

Postsecondary Electronic Standards Council Annual Conference (PESC): On May 7, FSA CIO Jerry Schubert joined a panel discussion at PESC's Annual Conference in Alexandria, Virginia. The topic of the session was "The State of Electronic Standards in Higher Education." Additional FSA representatives attended and presented an update on the common record.

NASFAA Presentation: On May 4, FSA's Program Development group presented to the National Association of School Financial Aid Administrators Board of Directors an update on the proposed FSA/IRS data match.

New Schools Workshop: The Dallas Case Management Team hosted thirteen schools new to Title IV to a two-day, New Schools Workshop. Day one of the workshop provided an overview of the program, the case management function, rules and regulations. Day two of the workshop gave the schools and representatives of the Case Management Team an opportunity to become better acquainted.

Region V Private Career Colleges and Schools Workshop: On May 21-23, FSA's Chicago Case Management Team will co-host the Region V Private Career Colleges & Schools Workshop in Bloomingdale, Illinois. With more than 150 industry representatives scheduled to attend, the workshop will provide schools with information on Federal financial aid programs.

KEY ISSUES

Dear Colleague Letter: FSA's Program Development staff finalized a Dear Colleague Letter on the use of electronics and electronic signatures by schools in the administration of the Federal student aid programs. It was forwarded to OPE for concurrence prior to the formal clearance process.

Congressional Report on Financial Aid Scams: As mandated by the College Scholarship Fraud Prevention Act of 2000, on May 1, the Federal Trade Commission, working in conjunction with the Departments of Education and Justice, submitted its second annual report to Congress on efforts to combat financial aid scams.

Direct Loan Servicing Contract: FSA met with representatives of ACS, the incumbent contractor servicing the Department's Direct Loan portfolio, to discuss necessary corrective actions resulting from ACS's misleading press release on its Direct Loan contract with the Department.

FAFSA 2004-2005: The comment period for the draft 2004-2005 Free Application for Federal Student Aid (FAFSA) ended on May 5. The FAFSA Design Group will meet on May 12 to

review all comments and anticipate submitting a revised FAFSA to OMB for review by the end of next week.

Voluntary Flexible Agreements (VFA): FSA is conducting an internal review of the draft Voluntary Flexible Agreement (VFA) Report to Congress. VFA's replace the standard agency agreement and are entered into with guarantors that develop innovative methods for delinquency and default prevention. The report will be released for Department-wide review the week of May 12 and is tentatively scheduled for delivery to Congress on May 31.

New Florida Guarantee Agency: On May 13, Florida's Department of Education will select a new contractor to replace Florida's guarantee agency, the Office of Student Financial Assistance.

Americans Attending Foreign Schools: On May 8, an exit conference was conducted to review the results of the audit examining the extent of loan fraud, waste and abuse on American students attending foreign schools and the Department's steps to curb such abuses.

FY03 Audit: OCFO, COO, and CFO staff met with auditors Ernst and Young, representatives from OIG and the Deputy Secretary for an entrance conference. The Deputy Secretary stressed the Department's expectations for high achievement and a clean audit. E&Y expressed the challenge of compressing five months of fieldwork into two and one-half months.

Government-wide eAuthentication Steering Committee: On May 9, FSA attended a steering committee meeting at the White House Conference Center for the newly formed, government-wide eAuthentication project, a part of the President's Management Agenda.

Status of Unprocessed De-Obligations: In November 2002, the Department alerted over 700 schools to an impending "Stop Pay" action as a result of their failure to resolve outstanding unprocessed de-obligations. (An unprocessed de-obligation results when the net amount of cash that a school has drawn from the Treasury exceeds the necessary amount.)

As of February 17, cash flows were stopped to schools participating in the Pell Grant and Campus-Based Programs that did not resolve their unprocessed de-obligations. A total of 140 schools (out of approximately 5,000) with unprocessed de-obligations totaling \$1.5 million were affected. **On May 5, the Department placed 53 additional schools on "Stop Pay" status that had not resolved their unsupported balances. As of today, 67 schools remain in a "Stop Pay" status.**

CONTACT INFORMATION

Please contact Chris Greene at 377-4003 with any questions.